



LOUISIANA STATE LAW INSTITUTE

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December 10, 2013

Senator John A. Alario
President of the Senate
P.O. Box 94183
Baton Rouge, Louisiana 70804

RE: SR NO. 118 of 2013

Dear Mr. President:

The Louisiana State Law Institute respectfully submits herewith its interim report to the legislature in response to 2013 Senate Resolution No. 118, relative to the unsolicited offers for the transfer, sale, and lease of mineral rights.

Sincerely,

A handwritten signature in black ink that reads "William E. Crawford".

William E. Crawford
Director

WEC/puc

cc: Senator Barrow Peacock

e-mail cc: David R. Poynter Legislative Research Library
drplib@legis.la.us
Secretary of State, Mr. Tom Schedler
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LOUISIANA STATE LAW INSTITUTE

MINERAL LAW – UNSOLICITED OFFERS COMMITTEE

**INTERIM REPORT TO THE LOUISIANA LEGISLATURE
IN RESPONSE TO SR NO. 118 OF THE
2013 REGULAR SESSION**

(Unsolicited Offers for the Transfer, Sale, and Lease of Mineral Rights)

Prepared for the Louisiana Legislature on

December 10, 2013

Baton Rouge, LA

LOUISIANA STATE LAW INSTITUTE
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December 10, 2013

To: Senator John A. Alario, Jr.
President of the Senate
P.O. Box 94183
Baton Rouge, LA 70804

**INTERIM REPORT TO THE LOUISIANA LEGISLATURE
IN RESPONSE TO SR NO. 118 OF THE 2013 REGULAR SESSION**

The Louisiana State Law Institute has received SR 118 of the 2013 Regular Session, attached, which urges and requests "the Louisiana State Law Institute, in consultation with the director of the Louisiana Mineral Law Institute, to study and make recommendations for regulations on unsolicited offers for the transfer, sale, or lease of mineral rights and report its recommendations to the Senate on or before February 1, 2014." In fulfillment of the Senate's request, the Louisiana State Law Institute has formed and appointed the Mineral Law—Unsolicited Offers Committee to study the practice of certain mineral companies and other purchasers of making unsolicited offers to mineral owners, under the guidance of the newly appointed Reporter, Professor Melissa T. Lonegrass, of the LSU Paul M. Hebert Law Center.

The committee held its first meeting on November 15, 2013, with the author of the resolution, Senator Barrow Peacock, present, to consider extensive research prepared by the Reporter. The committee discussed the current use of unsolicited offers in Louisiana, problems with their use, the consequences for owners and for exploration and production (E&P) companies, legitimate uses, and the applicability of consumer protection laws to these offers. Beginning with its next meeting in February 2014, the committee will conduct a comparative study of the use and regulation of these offers in other states, as well as discuss in greater depth possible legislative solutions to curb improper uses and the impact of such regulation on legitimate uses.

Respectfully submitted,
Melissa T. Lonegrass, Reporter
Mineral Law—Unsolicited Offers Committee

SENATE RESOLUTION NO. 118

BY SENATOR PEACOCK

A RESOLUTION

To urge and request the Louisiana State Law Institute, in consultation with the director of the Louisiana Mineral Law Institute, to study and make recommendations for regulation on unsolicited offers for the transfer, sale, and lease of mineral rights.

WHEREAS, the Constitution of Louisiana mandates the rights of property, including mineral interests, are to be protected, and requires the legislature to enact laws to implement such protections; and

WHEREAS, an "unsolicited offer" for the transfer, sale, or lease of mineral rights is an offer made to the owner of mineral rights by mail or electronic communication; and

WHEREAS, such unsolicited offers commonly include a form of payment which, when deposited, acts as a binding transfer, sale, or lease of mineral rights; and

WHEREAS, the currently regulatory structure for the transfer, sale, or lease of mineral rights does not include provisions designed to protect the landowner in transactions that occur from unsolicited offers, which over the years has raised legal questions and led to numerous complaints to the attorney general; and

WHEREAS, it is the duty of the Legislature to set forth procedures to ensure that property owners are being protected and to be fully informed as to the legal aspects of any procedures enacted to provide such protections.

THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana does hereby urge and request the Louisiana State Law Institute, in consultation with the director of the Louisiana Mineral Law Institute, to study and make recommendations for regulations on unsolicited offers for the transfer, sale, or lease of mineral rights and report its recommendations to the Senate on or before February 1, 2014.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the director of the Louisiana State Law Institute and the director of the Louisiana Mineral Law Institute.

PRESIDENT OF THE SENATE